

**Introduced by Senator Correa**

February 26, 2009

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An act to amend Section 8869.85 of the Government Code, relating to government bonds.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 501, as introduced, Correa. California Debt Limit Allocation Committee.

Existing law requires the California Debt Limit Allocation Committee to allocate to authorized state and local agency applicants the volume ceiling for private activity bonds, as defined, that can be issued in California in accordance with federal law.

This bill would require the committee, if the committee determines that a county has not applied to the committee for an allocation during the current calendar year, to allow any local agency located within the county to apply, within 45 days after that determination is made by the committee, for all or a portion of the allocation for which the county would have been eligible had it applied. The bill would define "local agency" for these purposes to include a joint powers authority that has one or more members located within the county.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 8869.85 of the Government Code is
- 2 amended to read:
- 3 8869.85. (a) Each state agency shall apply to the committee
- 4 for allocation of a portion of the state ceiling, supplying any

1 information which the committee may require. The application  
2 may be for a specific project, or it may be for a designated dollar  
3 amount, to be utilized for projects or programs at the discretion of  
4 the state agency. No private activity bonds issued by any state  
5 agency shall be deemed to receive the benefit of any portion of  
6 the state ceiling unless the committee has allocated or permitted  
7 the transfer of a portion of the state ceiling to the state agency. The  
8 allocation may be on any terms and conditions as the committee  
9 may determine.

10 (b) (1) Any local agency may apply to the committee for an  
11 allocation of a portion of the state ceiling, supplying any  
12 information which the committee may require. Applications from  
13 local agencies may only be for specific projects or programs. No  
14 private activity bond issued by a local agency shall be deemed to  
15 receive the benefit of any portion of the state ceiling unless the  
16 committee has allocated or permitted the transfer of a portion of  
17 the state ceiling to the local agency. The allocation may be upon  
18 any terms and conditions as the committee may determine.

19 (2) (A) *If the committee determines that a county has not applied*  
20 *to the committee for an allocation during the current calendar*  
21 *year, the committee shall allow any local agency located within*  
22 *the county to apply, within 45 days after that determination is*  
23 *made by the committee, for all or a portion of the allocation for*  
24 *which the county would have been eligible had it applied.*

25 (B) *The local agency is not required to obtain consent from the*  
26 *county, or obtain a written transfer of an allocation from the*  
27 *county, in order to apply as authorized under this paragraph.*

28 (C) *For the purposes of this paragraph, "local agency"*  
29 *includes, but is not limited to, a joint powers authority that has*  
30 *one or more members located within the county.*

31 (c) Any allocation made pursuant to this section shall be  
32 irrevocable upon issuance of bonds pursuant thereto at least to the  
33 extent of the amount of the bonds so issued. No allocation shall  
34 permit the state agency or local agency which receives it to use all  
35 or any portion of the allocation for a carryforward pursuant to  
36 Section 146(f) of the Internal Revenue Code, unless the committee  
37 expressly allows use of the allocation for a carryforward.

38 (d) No allocation made to a state agency or a local agency  
39 pursuant to this section may be transferred by the initial recipient  
40 thereof to any other state agency or local agency unless the

1 committee expressly permits the transfer. With the committee's  
2 permission, any state or local agency may, by resolution, transfer  
3 to any other local agency or to any state agency or back to the  
4 committee all or any portion of the agency's private activity bond  
5 limit. Any such transfer shall be made in writing and may be  
6 general or limited and subject to any terms and conditions as may  
7 be set forth in the resolution or under the committee's permission,  
8 as long as the transfer is irrevocable upon issuance of bonds  
9 pursuant to the transfer, at least to the extent of the amount of the  
10 bonds so issued. Each transferee shall maintain a written record  
11 of the transfer in its records for at least the term of all private  
12 activity bonds issued pursuant to the transfer. No transfer may be  
13 made pursuant to this section in return for any payment of cash,  
14 property, or other marketable thing of value.

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